

PD-ARM-256

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

AMENDMENT NO. 1
TO THE
PROJECT MEMORANDUM

NEW INDEPENDENT STATES:
Exchange and Training Project
(110-0012)

APPROVED: September 26, 1995



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

SEP 23 1994

**ACTION MEMORANDUM FOR THE DEPUTY ASSISTANT ADMINISTRATOR, BUREAU
FOR EUROPE AND NEW INDEPENDENT STATES**

FROM: Alan Silva, ENI/HR 

SUBJECT: Project Authorization for the New Independent States
Exchanges and Training Project (110-0012), Amendment
No. 1

ISSUE: Your approval is requested to amend the authorization (Tab 1) of the New Independent States Exchanges and Training (NET) Project to 1) extend the project assistance completion date (PACD) from 12/30/97 to 12/30/99; 2) increase the life-of-project (LOP) by \$210,000,000 from \$90,000,000 to \$300,000,000; and 3) allow for the provision of in-country and third-country training under the project.

BACKGROUND: This project, initially authorized on February 12, 1993 (Tab 2) for four years at a LOP funding level of \$90 million, supports USAID's program of facilitating the transformation of NIS countries from authoritarian, centrally-controlled regimes to pluralistic, democratic states with market economies. The project finances short- and long-term training and US/NIS partnerships.

Highly focussed, demand-driven short-term training programs are targeted at private and public sector NIS leaders and professionals who are in positions to effect rapid change. Short-term training providers include U.S. universities, other educational and training institutions, professional associations, and training centers associated with state, local and federal government. Long-term training is designed to provide degree and non-degree graduate-level programs which complement on-going USAID and other donor technical assistance efforts.

Through the US/NIS partnerships component, the impact of short- and long-term training will be reinforced by fostering sustainable US/NIS partnership relationships which will build and strengthen select educational and technical institutions and professional associations through practical skills transfer, on-

the-job training and US-sponsored internships.

Major portions of the NET project are administered by USIA, including exchanges, Sister Universities Program and long-term training. Initially, USIA received its funding from USAID through a 632(b) transfer. In FY 1994, the transfer mechanism was changed and now USIA receives its funding through a 632(a) transfer. Such 632(a) transfer funding provided to USIA is not part of the NET project authorization calculations. Other 632(a) transfer recipients under this project are the USDA Cochran program (beginning with FY 1995) and the Department of Commerce's Special American Business Internship Training Program for Business Executives and Scientists (SABIT).

USAID's principal contractor under this project is the Academy for Educational Development (AED). AED is responsible for in-country processing of participants as well as the identification and placement of participants in U.S. training programs.

The project has also financed a buy-in contract with Partners for International Education and Training to assist with the start-up phase of the program, Pepperdine University for a defense conversion program, Washington State University for an agricultural partnership with three Russian institutions, USDA's Cochran Program, and the Department of the Treasury's tax training effort for Russia. It is anticipated that there will be continued demands on the program to fund high priority training needs such as programs dealing with crime and corruption, air traffic safety, and telecommunications.

The partnership component of the NET project is scheduled to come on-line in early FY 1995. On August 4, 1994, an RFA was issued and submitted to a limited number of potential sources to carry out this component. The general purpose of the RFA is to establish a framework for the implementation and oversight of partnerships between US organizations/entities and comparable operations in Russia and Ukraine. There are three major areas essential to the success of the partnership component of this program: establishing and overseeing the partnerships, developing public information, and information coordination and product library.

USAID/ENI will engage a management entity whose responsibility will be to provide oversight and direction to the partnerships. This partnership program may expand to other NIS countries if funds become available.

The recipient selected as a result of this RFA will enter into a number of sub-agreements with organizations and institutions which will be setting up sustainable partnerships with counterpart organizations in Russia and Ukraine. The partnerships will be between educational institutions and professional organizations/associations. In addition to providing services unique to the type of partnership, each

recipient of funds under this component will be expected to develop a "product" which will be available for use by other NIS educational institutions or associations.

DISCUSSION: The demand for training remains very strong as the economic transformation of the NIS countries moves forward. This project is the only vehicle we have in the regional portfolio for which has the flexibility to provide training in a wide range of subjects which support the technical activities taking place in the NIS countries. The first 18 months of project implementation have produced very encouraging results. It is anticipated that the project will train as many as 5,000 participants by the end of CY 1994 and will have met its target by the end of the current fiscal year.

Rationale for the Extended PACD: With the continuing and increased emphasis on training, it is likely that funds will be made available for this activity as long as there is a viable USAID program operating in the region. More compelling, however, is that the partnership projects will begin in early 1995. The partnerships have a two-year life. We are optimistic that the partnerships will be successful and that in FY 1996, USAID Missions will likely wish to support additional partnership activities. Were we to undertake additional partnerships at that time, it would be necessary to again amend the project authorization to accommodate the additional two-year time frame for such new partnerships. The management contract, in anticipation of additional partnerships, will include a two-year option which USAID will be able to exercise subject to the availability of funds and extension of the PACD. In anticipation of project success and the need for the management contractor to exercise the two-year option, we are requesting a two-year extension of the PACD until 12/30/99 at this time.

Rationale for the Level of Funds Requested: The LOP funding now proposed is intended to accommodate USAID's share of the funding level increase made during the Tokyo Summit where \$200 million in additional funds were pledged by the U.S. Government for training activities. This \$200 million pledged amount would cover both USAID and USIA activities. In addition, this new authorization level would cover projected funding requirements through the new requested PACD of December 30, 1999, as described below.

The revised project authorization level of \$300 million reflects full FY 1993 funding of activities, funding for USAID activities in FY 1994 including USAID's share of the Tokyo Summit funds, and a projected USAID level of \$35 million per year beginning in FY 1995 through the requested new PACD of December 30, 1999. This estimate is based on the level of funding this year (\$27,500,000 plus an indication that it is possible that we may receive additional funds from the performance fund) and instructions from the Coordinator's Office, S/NIS, regarding what funding levels we may anticipate for FY 1996.

The funding will allow for continuation of the original core training activities for the NIS and accommodate the anticipated authorization of in-country and third-country training.

The project obligated a total of \$28,892,043 in its first year and has currently obligated \$61 million in FY 1994 with an additional \$34 million in obligations awaiting the approval of this authorization amendment. Upon approval of this authorization amendment, and provided the \$34 million mentioned above gets obligated this FY, this would bring the total project obligations to date to about \$124 million, leaving about \$176 million authorized but unobligated starting in FY 1995. This amount would be obligated over the five plus fiscal years FY 1995, 1996, 1997, 1998, 1999, and 2000 (to December 30, 1999), at the estimated \$35 million/FY mentioned in the preceding paragraph.

Rationale for Authorizing the Provision of In-Country and Third-Country Training

The NET project was initially designed to provide support for U.S. training only. It has become apparent that, in some cases, there is the need for U.S. training combined with training in the NIS, or in a third country. There is also the need to provide for the possibility of conducting in-country preliminary training in order to identify candidates to come to the U.S.

Third country training authorization is also needed. If a technical assistance contractor in one country is delivering a training program, under the original authorization, the NET project could not send an individual from another NIS country to that program. We have now determined that it is important to have the authority to carry out third country training.

While authorization to conduct in-country and third country training under this project is requested, the bulk of training will still continue to be offered in the United States.

IMPLEMENTING DETAILS:

a) Congressional Notification: Congress was notified on August 11, 1994 (CN #621) that the project intended to obligate \$158,108,000 in FY 1994 (TAB 3). This CN cleared Congress on August 26, 1994. The current projection for USAID FY 1994 obligations under this project are about \$95 million which is well under the notified amount. The total LOP level in the CN is currently \$250 million. Obligations will not be incurred above \$250 million until additional notifications are submitted and expire without objection. No planned obligations for FY 1994 and FY 1995 will be affected by the current CN ceiling.

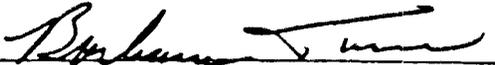
b) Initial Environmental Examination (IEE): The original IEE for this project resulted in a categorical exclusion. A

categorical exclusion remains valid for this authorization amendment and is consistent with the original IEE. ENI/EEU/ENR has reviewed this and determined that no further action is required.

c) All other terms and conditions of the original project authorization remain unchanged.

AUTHORITY: The delegated authority to approve project authorization amendments stems from: Delegation of Authority No. 400, dated August 16, 1991; Interim Reorganization Delegation of Authority No. 1, dated October 1, 1993; and Delegation of Authority No. 300, dated April 23, 1994 (delegating to the deputies of Assistant Administrators the authority to act as the alter ego of their principal).

RECOMMENDATION: That you approve amendment number 1 to the authorization of NIS Exchanges and Training Project (110-0012) to 1) increase life-of-project (LOP) funding by \$210 million from \$90 million to \$300 million; 2) extend the Project Assistance Completion Date (PACD) from December 30, 1997, to December 30, 1999; and 3) allow for the provision of in-country and third-country training under the project.

APPROVED: 

DISAPPROVED: _____

DATE: 9/26/94

Attachments

- TAB 1 - Project Authorization Amendment No. 1
- TAB 2 - Original Project Authorization
- TAB 3 - CN #621

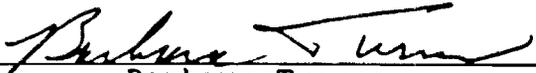
PROJECT AUTHORIZATION

AMENDMENT NUMBER 1

Name of Region: New Independent States (NIS)
Project Name: NIS Exchanges and Training
Project Number: 110-0012

The NIS Exchanges and Training Project was authorized on February 12, 1993. The project authorization is hereby amended as follows:

1. Paragraph 1 of the project authorization is amended
 - a. by deleting "\$90,000,000" and substituting "\$300,000,000" therefor;
 - b. by deleting "five year period" and substituting "seven-year period" therefor; and
 - c. by deleting "December 30, 1997" and substituting "December 30, 1999" therefor.
2. Except as modified herein, the project authorization remains in force.



Barbara Turner
Deputy Assistant Administrator
Bureau for Europe and the
New Independent States

9/26/94

Date

Clearances: As shown on the action memorandum
drafted: BBryant:GC/ENI:09/22/94



Clearances (Project 110-0012, Authorization Amendment No. 1):

U.S.A.I.D:
DAA/ENI: CPascual [Signature] Date 9/23/94
ENI/PD: JMorgan [Signature] Date 9/23/94
GC/ENI: BBryant [Signature] Date 9/23/94
ENI/PCS/B: SHudec IN DRAFT Date 9/21/94
ENI/PCS: PMatheson [Signature] Date 9/21/94
ENI/HR/TE: TChapman [Signature] Date 9/21/94
ENI/EEUR/ENR: RGreenberg en file Date 9/21/94
ENI/NCA: BKline [Signature] Date 9/21/94
ENI/FS: MLew [Signature] Date 9/23/94

STATE:
S/NIS/C: IKelly en file Date 9/21/94
EUR/ISCA: NCook [Signature] Date 9/23/94

ENI/PD/PSA:rredman:9/20/94

Clearance Sheet for:
 Project Authorization Amendment for
 The New Independent States Exchanges and Training
 Project (110-0012), Amendment #1

USAID

DAA/ENI, CPascual	<i>[Signature]</i>	date	9/23/94
ENI/PD, JMorgan	<i>[Signature]</i>	date	9/24/94
GC/ENI, BBryant	<i>[Signature]</i>	date	9/25/94
ENI//PCS/B, SHudec	In Draft	date	
ENI/PCS, PMatheson	<i>[Signature]</i>	date	9/21/94
ENI/HR/TE, TChapman	<i>[Signature]</i>	date	9/21/94
ENI/EEUD/ENR, RGreenberg	on file	date	9/21/94
ENI/NCA, BKline	<i>[Signature]</i>	date	9/21/94
ENI/FS, MLew	<i>[Signature]</i>	date	4/22/94

STATE

S/NIS/C, IKelly	on file	date	9/21/94
EUR/ISCA, NCook	<i>[Signature]</i>	date	9/23/94

ENI/PD/PSA, DDavis:09/16/94:664766:0012.JK:revised 9/20/94 redman & kaiser